United States Senate Committee On the Judiciary

Full Committee Hearing on

From Farm to Table: Immigrant Workers Get the Job Done

May 31, 2023

Written Testimony of Chalmers R. Carr III

President and CEO Titan Farms LLC Ridge Spring, South Carolina Chairman Durbin, Ranking Member Graham and Members of the Judiciary Committee, good morning.

My name is Chalmers Carr and I am a first-generation farmer from South Carolina where my wife, Lori Anne, and I own and operate our family farm, Titan Farms. We grow peaches, bell peppers, and broccoli.

I serve as the Treasurer of the South Carolina Peach Council and am also its former President. I am an active member of the National Peach Council. I also serve on the Labor Committee of the American Farm Bureau Federation and am the Chairman of the South Carolina Farm Bureau Labor Committee. I have served on the U.S. Department of Agriculture's National Agricultural Research, Extension, Education & Economics Advisory Board, including as Chairman of the Specialty Crop Committee. I am also a member of the South Carolina Agriculture Commission and I serve as President of USA FARMERS, a national H-2A employers association focused on ensuring ample labor for U.S. agriculture.

As family farmers, my wife and I are truly living the American dream. We both graduated from Clemson University in 1990 and neither of us had anything to our name but for our degrees and a few credit card debts. We literally plowed, sowed, and harvested our way to creating a better future for ourselves and our children.

In 1999, we had the opportunity to purchase the land that we now farm which back then was 1,500 acres of peaches. Twenty-four years later, Titan Farms is the second largest peach farm in the United States, farming over 6,100 acres of peaches along with more than 700 acres of vegetables, including bell peppers and broccoli. Despite the size of our operation, every single day is a challenge for our 100 percent family-owned farm, from spring freezes to the predatory trade practices used by foreign countries that seriously harm family farms like ours. Ensuring we have enough workers on the farm is yet another big challenge.

This will be our 25th year of participating in the H-2A agriculture guest worker program under which we annually employ over 830 guest workers. We are extremely proud to share that we have an annual worker return rate greater than 90 percent. We care about our workers and their families and have developed a long-standing rapport with them which we believe accounts for our workers rejoining us each season.

Given my involvement in farming for more than 40 years, my engagement in the H-2A program for 25 years, and my national and state level experience as an advocate for agriculture labor reform, I believe I offer a unique perspective – a true "dirt under the fingernails" viewpoint regarding our nation's labor situation. In fact, I actually started working in the field when I was just eleven years old, alongside seasonal migrant workers hired by my uncle. I'm sure there are some jobs that I have not done on a farm in my career, but there are not many.

Titan Farms has really had to grow and adjust over the years in order to meet the incredible challenges facing farm families like ours. But one thing that has not changed over the years is our close ties to those who work on our farm who are members of our family, including and perhaps even especially the H-2A workers who leave their own families behind each year to come to South Carolina to work for 6 to 10 months in order to provide a brighter future for their families back home.

So, I greatly appreciate you holding this hearing, entitled, "From Farm to Table: Immigrant Workers Get the Job Done". It is very true that, for well over a half a century, immigrant farm workers have filled the majority of labor-intensive positions in agriculture in the United States. However, in the last decade, the situation has changed significantly. Today, we have a substantial shortage of both domestic and foreign workers electing to work in agriculture. This in part at least helps explain why food prices are increasing at 4-to-5 times the normal inflation rate, outpacing many other sectors of the economy. And, for the first time in my memory, the Department of Agriculture estimates that our country has become a net importer of our food. This, of course, means we have become dependent on other countries to feed us. Prior to the pandemic, this may not have concerned many Americans. But I believe that view has changed in America today. People care about where and how their food is produced.

In order to right the ship and ensure that the United States once again meets its own domestic food needs, as well as the needs of other around the world, we need to address the agricultural labor crisis here at home.

Each and every one of us rightly owes a debt of gratitude to the immigrant workers who have long worked right beside U.S. farm families to ensure that Americans have the safest, most abundant, and most affordable food supply in the world. Yet, we need only look back a couple of years to the frenzy caused by the pandemic that highlighted the fragility of our country's food supply chain. The pandemic served as a wakeup call that, as leaders of the free world, we must have a robust domestic food supply chain within our borders. An effective H-2A program is a critical part of making this happen.

Since the hard lessons learned from the soup lines of the Great Depression, we as Americans have taken for granted that food will always be safe, affordable, and abundant. But empty store shelves, closed restaurants, and the like reminded us that there is a lot of hard work and effort that goes into the plentiful food supply that we as Americans enjoy every day.



I was very proud of our country's leadership when farmers and ranchers and agricultural workers – including H-2A workers – were all officially recognized as "essential workers" at the outset of the pandemic. This meant that when most of the economy shut down, we were to carry on with the vital work of feeding the country. It reminded me of the certificates issued to farm families during World War II and the public placards that encouraged farmers to produce to feed our fighting forces as well as our civilian population. However, this may well have been the first time that anyone other than farmers and ranchers recognized the vital role the H-2A guest workers play in the stability of our domestic food supply chain.

The ABC's that define the Ag Labor Crisis

A. HELP WANTED: One cannot go anywhere and not see a help wanted sign, and this is particularly true in the case of agriculture. A part of this can be explained by the fact that, for whatever reasons, fewer and fewer able-bodied people are choosing to participate in the U.S. workforce.



Our current experienced off-shore agricultural workforce is aging out and retiring, with many of them returning to their home country of Mexico.



*Estimates for 2018 and 2019 are preliminary. Note: Mexican immigrants are people born in Mexico with two parents who are not U.S.

citizens.

Source: 1850-1980: Gibson, Campbell and Kay Jung, "Historical Census Statistics on the Foreign-Born Population of the United States: 1850-2000; 'U.S. Census Bureau, Population Division, Working Paper No. 81, 2006. For 1980-1990: Integrated Public Use Microdata Series (IPUMS-USA). For 1995-2000: Pew Research Center estimates based on augmented March supplements to the Current Population Survey and 2000 decennial census. For 2005-2019: Pew Research Center estimates based on augmented American Community Surveys. **PEW RESEARCH CENTER** Illegal immigration from Mexico post 9/11 has decreased dramatically, although there is an uptick recently and certainly an increase from elsewhere.





Thus, there are not enough new foreign or domestic workers, legal or otherwise, entering the agriculture sector to keep up with the number of workers aging out or moving onto other sectors. The growth in the H-2A guest worker program over the last decade clearly highlights this dilemma.





Source: CRS presentation of data from U.S. Department of State, Bureau of Consular Affairs. Notes: See Appendix C for underlying data.

This dramatic growth in the H-2A guest worker program indicates the desperate situation U.S. family farming operations are facing to get sufficient labor. I use the term desperate because I know first-hand that many of my farmer peers declared they would never use a broken, outdated H-2A program to supply labor for their operations, yet over the last 10 years, most all of them have been forced to do so. Simply take a look at the growth in the H-2A program in states such as California, Florida and Washington State.

H-2A Top 5 States 2018-2022



Combined, these states account for over 85 percent of the specialty crops grown in this country, mostly fruits and vegetables. California alone accounts for nearly 70 percent of our domestic supply of fruits and vegetables. Ten years ago, California scarcely brought in 5,000 H-2A workers but last year that number increased to over 40,000. California is projected to be the number one user of H-2A workers in 2023, with estimates north of 53,000 guest workers.

You may hear the view expressed that if farmers would pay workers more, U.S. workers would want the jobs on the farm. However, California and Washington have the two highest state minimum wages in the U.S. as well as the highest H-2A wages. Both state wage rates are double the federal minimum wage; yet California and Washington are among the fastest growing states in terms of H-2A employment. They also rank among the top 4 states with highest unemployment rates, highlighting generally the participation in the workforce issues mentioned earlier and more specifically workers' lack of interest in working in agriculture.

In 2022, for example, Washington state had 33,000 H-2A positions available. Even with over 180,000 U.S. workers in Washington receiving unemployment, only 11 U.S. workers showed up to fill those jobs.

B. Food Inflation: Higher food prices are directly related to the cost of labor. The higher cost of food affects everyone in this great country but some are affected more than others. On average a U.S. household spends about 10 percent of its disposable income on food. However, lower income households are disproportionately affected, spending three times more than the average household.



The main contributor to higher food prices directly relates to wage rates as, on average, payroll dollars make up 40 percent of the production cost of fruits and vegetables. For some crops, that number could be as high as 80 percent. In the last four years food prices have increased by more than 20 percent, outpacing inflation numbers for all other sectors of the economy other than transportation.



In 2022 food prices increased by 11 percent - five times their historical rate. This year prices are projected to increase between 6 and 8 percent. As a result, Americans are today spending more of their disposable dollars on food than they have been and this trend will not likely stop unless there are reforms to the H-2A program, including a change in the wage methodology of the H-2A guest worker program.

Increased wage rates directly relate to higher food costs. Over the last five years, the government has mandated a national Adverse Effect Wage Rate, or AEWR, under the H-2A program that has increased wages by 24 percent nationally, double that of the previous 5 years.



California, our leading food producing state, has faced increases of 34 percent in the past five years! Just a few years back the Colorado region endured a 22 percent increase in one year. If all other inputs remained neutral, this still means food prices would increase by approximately 13 percent.



Again, this year, the national average AEWR set a record - an increase of 7 percent in just one year. Under the current methodology, this is the highest ever one-year increase in wages, a trend that will not change unless Congress steps in to address the matter. To further highlight this issue, ten states, including my home state of South Carolina, experienced double-digit increases.

	2023 AEWR plus One Year and Five Year Percent Increases				
		2022	Estimated 2023	Percent	2019-2023
		AEWR	AEWR	Increase	Increase
	Alabama	\$ 11.99	\$ 13.67	14%	23%
	Arizona	14.79	15.62	6%	30%
	Arkansas	12.45	13.67	10%	21%
	California	17.51	18.65	7%	34%
	Colorado	15.58	16.34	5%	24%
	Connecticut	15.66	16.95	8%	28%
	Delaware	15.54	16.55	6%	26%
National Average	Florida	12.41	14.33	15%	27%
AWER	Georgia	11.99	13.67	14%	23%
	Hawaii	16.54	17.25	4%	17%
+7%	Idaho	14.68	15.68	7%	16%
5 year +24%	Illinois	15.89	17.17	8%	29%
	Indiana	15.89	17.17	8%	29%
California had the	lowa	16.19	17.54	8%	31%
	Kansas	16.47	17.33	5%	21%
highest 5-year	Kentucky	13.89	14.26	3%	23%
increase at 34%	Louisiana	12.45	13.67	10%	21%
	Maine	15.66	16.95	8%	28%
et : 1 - 1 - 1 - 1	Maryland	15.54	16.55	6%	26%
Florida had the	Massachusetts	15.66	16.95	8%	28%
highest one year	Michigan	15.37	17.34	13%	28%
annual increase at	Minnesota	15.37	17.34	13%	28%
15%	Mississippi	12.45	13.67	10%	21%
10%	Missouri	16.19	17.54	8%	31%
	Montana	14.68	15.68	7%	16%
10 states had double	Nebraska	16.47	17.33	5%	21%
digit % increases	Nevada	15.58	16.34	5%	24%
angle /o mereases	New Hampshire	15.66	16.95	8%	28%
	New Jersey	15.54	16.55	6%	26%
	New Mexico	14.79	15.62	6%	30%
	New York	15.66	16.95	8%	28%
	North Carolina	14.16	14.91	5%	22%
	North Dakota	16.47	17.33	5%	21%
	Ohio	15.89	17.17	8%	29%
	Oklahoma	13.88	14.87	7%	22%
	Oregon	17.41	17.97	3%	20%
	Pennsylvania	15.54	16.55	6%	26%
	Rhode Island	15.66	16.95	8%	28%
	South Carolina	11.99	13.67	14%	23%
	South Dakota	16.47	17.33	5%	21%
	Tennessee	13.89	14.26	3%	23%
	Texas	13.88	14.87	7%	22%
	Utah	15.58	16.34	5%	24%
	Vermont	15.66	16.95	8%	28%
	Virginia	14.16	14.91	5%	22%
	Washington	17.41	17.97	3%	20%
	West Virginia	13.89	14.26	3%	23%
	Wisconsin	15.37	17.34	13%	28%
	Wyoming	14.68	15.68	7%	16%
	United States	15.03	16.14	7%	24%

2023 AEWR plus One Year and Five Year Percent Increases

It is difficult to see how farm and ranch families can expect to stay in business, plan for the future, and compete with heavily subsidized and protected foreign imports under such an unpredictable and unprecedented system.

H-2A wages no longer protect U.S. workers from the adverse effect of foreign labor, as intended. Instead, the H-2A wage system now drives the wage market which, in turn, exacerbates food price inflation. Very concerning to me is the fact that some are actually moving their production outside of the United States, thus furthering our dependance on foreign food imports.

Despite all of this, the U.S. Department of Labor recently published new rules for calculating the AEWR. I am deeply concerned that the recently published AEWR rule is in violation of the statutory requirement that wages for H-2A workers must be tied to those of U.S. workers similarly employed. This is a major change to the entire H-2A wage methodology.

I have read reports where Department of Labor asserts that this will only affect 3 percent of producers in the H-2A program. In fact, all producers will be adversely impacted. Since the program's inception, there has only been one wage per region and job descriptions were very broad in nature. This is appropriate given few farm workers perform a single kind of job. However, due to the new rule, job descriptions will become very detailed and employers will fear post-employment audits that could declare other wages should have been paid, subjecting employers to back wages, fines, and potential debarment from the program.

Beyond these concerns, there are other serious issues regarding the rule as well. The new rule is complex, confusing, and ambiguous for producers to follow. For example, for the first time, a state or region will not have a single wage rate but potentially several wage rates, all of which are subject to the interpretation of three different agencies, including State Workforce Agency, Farm Labor Survey and Wage and Hour. Subjective agency interpretations may well result in biases as to the particular job description ultimately determined appropriate.

The Department of Labor has also determined that six occupational wage codes will still apply to the current methodology. In talking to producers around the country, this new rule has the potential in some cases to double the wage rate.

Moreover, any of the hundred or more potential jobs that fall outside of the six wage codes will be subject to different wages, most all of which will be higher.

I would also like to point out some of the other flaws in the new wage methodology that are so concerning to farmers and ranchers from across the country:

- 1. In most cases the new wage methodology is based on non-farm wage labor surveys. This means a heavy tractor trailer truck driver simply hauling harvested produce from the field to the packing shed will be subject to new wages based off of full-time, experienced, over-the-road truck drivers.
- 2. Regardless of the amount of time a worker performs a particular job duty for which a higher wage is required, under the new wage codes they must be paid the applicable wage for the entire time worked. This is true even if only 5 percent of the time was spent performing the higher rate job. A good example is in the case of an H-2A worker who is assigned to drive an employer's van or bus. Drivers must carry other workers between employer-provided free housing and the fields and will spend an average of 30 minutes per day driving and the rest of the day performing the same work as other workers. Yet, under the new rule, the driver will be paid at the highest level for all hours worked.
- 3. And, if a job contract is determined to have multiple wage codes, every employee recruited under that contract will have to be paid the highest wage, regardless of whether or not they perform the duties at all. Hence, under the example above, every worker would be

subject to the higher wage even if they never perform the job for which the higher wage is prescribed.

The rule is also very vague. According to the Department of Labor, "directing or monitoring the work of others" is a \$13.67 per hour position in South Carolina but "training workers, monitoring compliance with safety regulations, or scheduling work crews" is a \$29.94 per hour position. If those jobs sound the same or very similar, imagine the farmer who has to figure out which is which. As noted previously, the farmer may well be told a year after the fact by the Wage and Hour Division that he was wrong in his classification and receive a bill for back-wages of upwards of six-figures for an honest mistake.

While it is yet to be determined, it is feasible that diversified operations like mine will end up having to file three or four different contracts, driving up costs exponentially, not just in wages, but in human resources support personnel. This is also going to double and perhaps triple the workload on the Department of Labor which also has to ensure compliance.

Again, this is yet to be determined, but I could easily see this new rule raising employer payroll costs by anywhere from 10 to 100 percent depending on how it is implemented.

In Florida, for example, where wages increased by 15.5 percent since December, the new rule will increase wages for drivers, mechanics, and crew leaders by another 74 percent, 102 percent, and 116 percent, respectively, in just a few weeks.

The vagueness and resulting uncertainty of it all is very troubling. Someone fixing a tractor might be a "Farm Worker" or an 'Agricultural Equipment Operator" at the regular AEWR, or, depending on the state or the subjective decision-making of the certifying officer, the worker might be a "Farm Equipment Mechanic" or a "Service Technician." In South Carolina, the decision could mean a 50 percent increase, from \$13.67 to \$20.00 per hour.

In the Midwest, producers are finding out that their livestock workers are all "fence erectors" who have to be paid the going rate for workers setting up fences around suburban pools or construction sites just because they hang barbed wire to contain the cattle. That is work that has had to be done on farms for 150 years. Abraham Lincoln was once a "rail-splitter" on a farm. He would have been surprised to be told that he was not a farmer but a "fence erector."

Here's another example of why producers are so concerned about the new rule: A farmer has an H-2A worker performing the job of a "custom combining equipment operator" who would still be subject to the current AEWR methodology. However, the same worker more than likely loads his combine on a tractor trailer and moves it to the next field. However, the moment he does, the worker is now subject to the heavy tractor trailer wage which, in most states, will be nearly double the current AEWR. This new rule is going to have very significant adverse impacts on the cost of grain harvesting in this country.

C. Food Security: A *national security* issue. In recent years, Americans have once again been reminded that any country that cannot feed itself cannot defend itself. Yet, over the last two decades, our country's increased dependence on foreign agricultural products has offered evidence of the agriculture labor crisis that continues to unfold. According to the U.S. Department of Agriculture (USDA), this year our nation will become a net agriculture food importer, meaning we are now relying on other countries to feed us.



Outlook for U.S. Agricultural Trade: February 2023

But, if we look deeper into the more intense agricultural labor crops – namely, fruits and vegetables – the picture becomes even more concerning. Recent dietary recommendations published by the Department of Agriculture, known as MyPlate, encourages Americans to consume 50 percent of their daily food intake from fruits and vegetables.



Yet our country has been a net importer of fruits and vegetables since the 1990s. In fact, last year, we imported four times the amount of fruits and vegetables than we exported. Our trade deficit on fruits and vegetables has doubled in the last decade, reaching \$37 billion.

As a U.S. farmer who directly competes with fresh vegetable imports from Mexico, I feel compelled to share that slightly over 50 percent of our trade deficit on fruits and vegetables belongs to Mexico. Starting back in the early 2000s, the Mexican government made huge investments into protected production of fruits and vegetables, greenhouses, hoop houses and shade covers, heavily subsidizing the industry to get production started. Mexico really ramped up in the last decade, doubling the number of acres dedicated to protected production of fruit and vegetable acres to nearly 150,000 acres – that's ten times the acreage in the U.S.

\$billions

25

20 15

10

5

0

-5

10

-15

20

-25



Source: CRS from data in the USITC's Trade DataWeb database. **Note:** Fresh and processed products (Harmonized Tariff Schedule [HTS] chapters 07, 08, and 20, excluding nuts [HTS 0801-0802]).

S 0801-0802]). Source: CRS from data in the USITC's Trade DataWeb database.

🗆 U.S. Imports 🛛 🔳

Mexico's heavy subsidization of its specialty crop production coupled with a daily wage rate – not hourly wage rate – of approximately \$11.50 per day (i.e., roughly fourteen times lower than the national average AEWR) affords Mexico an incredible advantage over U.S. farm families.



This should be of deep concern to all Americans and serves as yet another reason why we need to revoke the current AEWR and halt the Department of Labor from implementing its new AEWR rule.



U.S. Exports

Net Trade

I can offer two personal examples of exactly how the current AEWR methodology adversely affected my family farm and the American consumer.

- This year the state of South Carolina received a 14 percent increase in the federally mandated AEWR wage. Since wages are my number one input cost, accounting for 36 percent of my total expenditures, this 14 percent increase translated into \$2.6 million in new payroll expense. More importantly, it raises my total cost of production by 5 percent. This is a prime example of how the AEWR is directly driving up food costs.
- 2. In 2019, we had one of the most beautiful fall crops of bell peppers 400 acres, producing over 500,000 bushels of pepper. However, so did Mexico and Mexico was able to ship its crop to the U.S. and sell it for less than half my cost to grow it. We lost \$2 million on that one crop! Due to that horrible experience, my operation cut our vegetable acreage by more than one-half, thus eliminating 200 seasonal jobs. See the slide below.





Immediate Action Needed!

These and other significant head winds clearly help define the agriculture labor crisis and the significant impact it is having on every American citizen. This is a crisis that will only continue to grow out of control unless Washington acts immediately to provide both short-term and long-term relief.

We can at least begin the work of reversing these very troubling trends that threaten U.S. agriculture production, our economy, and our national security by stopping some of the unforced errors. Enacting the measures below would be a good start:

- S.J. Res 25, the Congressional Review Act resolution to overturn the new AEWR;
- S.874 Farm Operations Support Act

Beyond this, we need to separate agriculture labor reform from the larger debate over immigration in order to allow U.S. farmers to be able to survive, to recapture lost market share, to help lift our economy, and to provide food security, all of which will directly support national security. For over 25 years, since the late 1990s, agriculture labor reform issues have been linked to broader immigration legislation. Although there have been numerous attempts to move these issues in combination, each one has failed. Following the same playbook is what has gotten our country into the agricultural labor crisis we find ourselves in today. We need a different path forward.

Like virtually every other developed nation in the world, we require an agricultural guest worker program to support an abundant, affordable, safe, and secure domestic food supply. For whatever reason, our domestic workforce has chosen not to perform these essential jobs. In fact, based on U.S. Department of Labor statistics, in the certification process, fewer than 300 domestic workers applied for the over 300,000 H-2A positions posted just last year.

As vitally important as it is, the 37-year-old H-2A program has major flaws in desperate need of correcting. There are huge challenges facing the outdated H-2A program. But, by far, the biggest challenges are self-imposed, including the AEWR wage methodology. It is amongst the biggest contributors to our nation's agricultural labor crisis.

Summary Points

- We have an Ag workforce crisis
- Food security is national security. US in 2023 will for the 1st time be a net importer of food. Why do we want to give up our food security?
- A high % of our domestic food production is now planted, cared for and harvested by legal nonimmigrant foreign guestworkers and that trend will continue. We need to make a decision if we want that to continue farming on U.S. soil, under our food safety laws.
- Help sustain our farms, local communities, and our economy
- The wage rate is out of control, is devastating to family farms, and is forcing farms to change what we grow and go out of business. There will be fewer fresh fruits & vegetables grown here if we don't fix it.
- This is a labor & employment Issue. H-2A and H-2B are non-immigrant visas this is not about immigration
- Labor is now as high as 40% of farms' total production costs
- Farms have been hit multiple times this year- AEWR increase (\$2.00 or 12.8% for MI), new H-2A rules, new AEWR rule with disaggregation of wages, Department of State Visa Fee hike (8%) and USCIS fee hike (anywhere from 15-137% increase)

Ag Guest Worker Reforms Needed

The Number one Issue, Adverse Effect Wage Rate

- Fix or Replace AEWR. Most important issue and priority.
 - Need an Affordable, Predictable and Stable wage rate.
- Repeal or eliminate the 2023 AEWR rule and disaggregation of wages with new OEWS categories.
- Limit/cap annual wage rate growth use CPI annual index and/or limit increases or decreases to no more than 2.5%

Modernize & Update H-2A Program

- Last legislative change was 1986
- Expand the program to all agriculture, year-round and food processors.
- Provide option for up to a 3-year visa for returning workers, eliminating need for consulate processing, and reducing the backlog.
- Allow for staggered arrivals of workers. Reduces processing times, staff resources and costs for federal agencies involved through lower # of needed contracts. Reduces expenses for farms through lower # of needed contracts.
- Recognize farmers/H2A user for housing provided via a tax credit or other method.
- Reduce the positive recruitment period to 30 days
- Make USCIS application/processing digital and make USCIS respond to status updates and escalate cases via email. (Currently paper process with USPS)
- Allow contracts than involve work in more than one area of intended employment (AIE).
- Removal of joint employer restrictions now in place because of new H2A rule.
- Prohibit USCIS from charging H users for the Federal Government's asylum program